

**BAYOU DES CANNES – NEZPIQUE
GRAVITY DRAINAGE DISTRICT**

FINANCIAL REPORT

DECEMBER 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/18/11

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Bayou des Cannes - Nezpique Gravity
Drainage District
Iota, Louisiana

We have audited the accompanying basic financial statements of Bayou des Cannes - Nezpique Gravity Drainage District as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of Bayou des Cannes - Nezpique Gravity Drainage District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bayou des Cannes - Nezpique Gravity Drainage District as of December 31, 2010, and the change in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 21, 2011, on our consideration of Bayou des Cannes - Nezpique Gravity Drainage District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters.

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The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 3 through 6 and page 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the Management's Discussion and Analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison schedule has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated in all material respects in relation to the financial statements as a whole.

Droussard, Roche, Lewis & Breaux LLP

Lafayette, Louisiana
April 21, 2011

BAYOU DES CANNES - NEZPIQUE GRAVITY DRAINAGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Bayou des Cannes - Nezpique Gravity Drainage District's financial performance provides an overview of District's financial activities for the fiscal year ended December 31, 2010. Please read it in conjunction with the District's financial statements, which begin on page 8.

I. FINANCIAL HIGHLIGHTS

Bayou des Cannes - Nezpique Gravity Drainage District's net assets increased by \$93,132 or 7.1% as a result of 2010's operations.

Bayou des Cannes - Nezpique Gravity Drainage District's total revenues were \$548,660 compared to \$545,241 in 2009, an increase of \$3,419 or 0.6%.

Total expenses for Bayou des Cannes - Nezpique Gravity Drainage District during the year ending December 31, 2010 were \$455,528 compared to \$472,166 last year, a decrease of \$16,638 or 3.5%.

II. USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The statement of net assets and the statement of activities (pages 8 and 9) provide information about Bayou des Cannes - Nezpique Gravity Drainage District's activities as a whole and present a longer-term view of Bayou des Cannes - Nezpique Gravity Drainage District's finances. Fund financial statements start on page 12. These statements tell how the services were financed in the short-term as well as what remains for future spending.

A. REPORTING BAYOU DES CANNES - NEZPIQUE GRAVITY DRAINAGE DISTRICT AS A WHOLE

1. THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

Our analysis of Bayou des Cannes - Nezpique Gravity Drainage District as a whole begins on page 3. One of the most important questions asked about Bayou des Cannes - Nezpique Gravity Drainage District's finances is, "Is Bayou des Cannes - Nezpique Gravity Drainage District, as a whole, better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about Bayou des Cannes - Nezpique Gravity Drainage District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report Bayou des Cannes - Nezpique Gravity Drainage District's net assets and the changes in them. These net assets, the difference between the assets and the liabilities, is one way to measure Bayou des Cannes - Nezpique Gravity Drainage District's financial position or financial health. Over time, increases or decreases in Bayou des Cannes - Nezpique Gravity Drainage District's net assets are one indicator of whether its financial health is improving or deteriorating.

We report the fund maintained by the Bayou des Cannes - Nezpique Gravity Drainage District as governmental activities in the statement of net assets and the statement of activities.

B. REPORTING BAYOU DES CANNES - NEZPIQUE GRAVITY DRAINAGE DISTRICT'S MOST SIGNIFICANT FUNDS

1. FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the Bayou des Cannes - Nezpique Gravity Drainage District's General Fund, not the Bayou des Cannes - Nezpique Gravity Drainage District as a whole.

All of Bayou des Cannes - Nezpique Gravity Drainage District's expenses are reported in a governmental fund, which focuses on how money flows into and out of that fund and the balances left at year-end that are available for spending. This fund is reported using the modified accrual method, which measures cash and all other financial assets that could be readily converted to cash. The governmental fund statements provide a detailed short-term view of Bayou des Cannes - Nezpique Gravity Drainage District's general operations and the expenses paid from this fund. The information in the governmental fund helps determine if there are more or less financial resources to finance future Bayou des Cannes - Nezpique Gravity Drainage District expenses. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and the governmental fund in a reconciliation following the fund financial statements.

III. BAYOU DES CANNES - NEZPIQUE GRAVITY DRAINAGE DISTRICT AS A WHOLE

Bayou des Cannes - Nezpique Gravity Drainage District's total net assets increased in the current year from \$1,316,837 to \$1,409,969. The following reflects the condensed statement of net assets as of December 31, 2010, with comparative figures from 2009:

TABLE I
CONDENSED STATEMENT OF NET ASSETS
DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Assets:		
Current assets	\$ 1,073,856	\$ 994,841
Capital assets	<u>375,067</u>	<u>359,008</u>
Total assets	<u>\$ 1,448,923</u>	<u>\$ 1,353,849</u>
Liabilities:		
Current liabilities	<u>\$ 38,954</u>	<u>\$ 37,012</u>
Net assets:		
Invested in capital assets	\$ 375,067	\$ 359,008
Unrestricted	<u>1,034,902</u>	<u>957,829</u>
Total net assets	<u>\$ 1,409,969</u>	<u>\$ 1,316,837</u>
Total liabilities and net assets	<u>\$ 1,448,923</u>	<u>\$ 1,353,849</u>

Net assets of Bayou des Cannes - Nezpique Gravity Drainage District's governmental activities increased by \$93,132 or 7.1% from 2009. Unrestricted net assets, the part of net assets that can be used to finance Bayou des Cannes - Nezpique Gravity Drainage District's expenses without constraints or other legal requirements increased \$77,073 or 8.1% from 2009.

The following table provides a summary of the changes in net assets for the year ended December 31, 2010, with comparative figures from 2009:

TABLE II
CONDENSED STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
General revenues-		
Ad valorem taxes	\$ 549,156	\$ 517,311
State revenue sharing	12,892	12,895
Investment earnings	9,381	13,703
Loss on sale of capital assets	(22,769)	-
Other	<u>-</u>	<u>1,332</u>
Total revenues	<u>\$ 548,660</u>	<u>\$ 545,241</u>
Expenses:		
Public works	<u>\$ 455,528</u>	<u>\$ 472,166</u>
Increase in net assets	<u>\$ 93,132</u>	<u>\$ 73,075</u>

During the fiscal year ended December 31, 2010, property tax revenue increased \$31,845 or approximately 6.2%. The increase in property tax revenues was due to an increase in assessed property values. Expenses decreased by \$16,638 or approximately 3.5%. Much of this decrease is attributable to a decrease in drainage maintenance expenditures as a result of the District purchasing equipment and completing work on their own as opposed to hiring independent contractors in prior years.

IV. GENERAL FUND BUDGETARY HIGHLIGHTS

The Bayou des Cannes - Nezpique Gravity Drainage District's budget was revised once during the 2010 fiscal year mainly to reclassify anticipated expenditures. Final actual revenues exceeded budgeted revenues by \$88,429 and actual expenditures were \$25,294 less than final budgeted expenditures. Other financing sources were \$25,025 greater than budgeted.

The net increase in fund balance for the year ended December 31, 2010 of \$77,073 was \$138,773 more than the anticipated (final budgeted) decrease.

V. CAPITAL ASSETS

At the end of 2010, Bayou des Cannes - Nezpique Gravity Drainage District had \$375,067 invested in capital assets. This amount represents a net increase of \$16,059 or 4.5% from 2009.

VI. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary factor considered when preparing the fiscal year 2011 budget was the ad valorem tax. The ad valorem tax is expected to produce \$460,000 or approximately 87.9% of the total budgeted revenues. Expenditures are expected to be comparable to those in 2010. The 2011 budget was prepared based on 2010 results with adjustments for expected increases or decreases in revenues and expenditures.

VII. CONTACTING BAYOU DES CANNES - NEZPIQUE GRAVITY DRAINAGE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the funds maintained by Bayou des Cannes - Nezpique Gravity Drainage District and to show the Bayou des Cannes - Nezpique Gravity Drainage District's accountability for the monies it receives. If you have any questions or need additional financial information, contact Terry Hebert, President, at Post Office Box 842, Iota, Louisiana 70543.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BAYOU DES CANNES - NEZPIQUE
GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

STATEMENT OF NET ASSETS
December 31, 2010

ASSETS	Governmental Activities
Cash	\$ 48,945
Certificates of deposit	450,000
Ad valorem taxes receivable	561,262
State revenue sharing receivable	12,860
Interest receivable	789
Capital assets:	
Non-depreciable	14,095
Depreciable, net	<u>360,972</u>
Total assets	<u>\$ 1,448,923</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	\$ 2,375
Pension fund deduction payable	16,674
Accrued liabilities	4,428
Taxes paid in protest	<u>15,477</u>
Total liabilities	<u>\$ 38,954</u>
NET ASSETS	
Invested in capital assets	\$ 375,067
Unrestricted	<u>1,034,902</u>
Total net assets	<u>\$ 1,409,969</u>
Total liabilities and net assets	<u>\$ 1,448,923</u>

See Notes to Financial Statements.

BAYOU DES CANNES - NEZPIQUE
GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

	<u>Governmental Activities</u>
Expenses:	
Public works	<u>\$ 455,528</u>
General revenues:	
Ad valorem taxes	\$ 549,156
State revenue sharing	12,892
Investment earnings	9,381
Loss on sale of capital assets	<u>(22,769)</u>
Total general revenues	<u>\$ 548,660</u>
Change in net assets	\$ 93,132
Net assets, beginning	<u>1,316,837</u>
Net assets, ending	<u>\$ 1,409,969</u>

See Notes to Financial Statements.

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FUND FINANCIAL STATEMENTS

BAYOU DES CANNES - NEZPIQUE
GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2010

ASSETS	General Fund
Cash	\$ 48,945
Certificates of deposit	450,000
Ad valorem taxes receivable	561,262
State revenue sharing receivable	12,860
Interest receivable	<u>789</u>
Total assets	<u>\$1,073,856</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 2,375
Pension fund deduction payable	16,674
Accrued liabilities	4,428
Taxes paid in protest	<u>15,477</u>
Total liabilities	<u>\$ 38,954</u>
FUND BALANCE	
Unreserved, undesignated	<u>\$1,034,902</u>
Total liabilities and fund balance	<u>\$1,073,856</u>

See Notes to Financial Statements.

BAYOU DES CANNES - NEZPIQUE
GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2010

Total fund balance - governmental fund	\$1,034,902
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	
Capital assets, net	<u>375,067</u>
Net assets of governmental activities	<u>\$1,409,969</u>

See Notes to Financial Statements.

BAYOU DES CANNES - NEZPIQUE
GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended December 31, 2010

	<u>General Fund</u>
Revenues:	
Taxes -	
Ad valorem taxes	\$ 549,156
Intergovernmental -	
State revenue sharing	12,892
Investment earnings	<u>9,381</u>
Total revenues	<u>\$ 571,429</u>
Expenditures:	
Current -	
Public works - drainage:	
Salaries and wages	\$ 144,570
Compensation paid to the board of commissioners	40,150
Payroll taxes	13,506
Insurance	40,593
Drainage maintenance	76,592
Professional fees	10,881
Equipment rental	19,620
Pension deduction	16,674
Other miscellaneous operating	52,183
Capital outlay	<u>104,637</u>
Total expenditures	<u>\$ 519,406</u>
Excess of revenues over expenditures	\$ 52,023
Other financing sources:	
Proceeds from sale of capital assets	<u>25,050</u>
Net change in fund balance	\$ 77,073
Fund balance, beginning	<u>957,829</u>
Fund balance, ending	<u>\$1,034,902</u>

See Notes to Financial Statements.

BAYOU DES CANNES - NEZPIQUE
GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

Net change in fund balances - total governmental funds \$ 77,073

The change in net assets reported for governmental
activities in the statement of activities is
different because:

Governmental funds report capital outlays as
expenditures. However, in the statement of
activities the cost of those assets is allocated
over their estimated useful lives and reported
as depreciation expense.

Capital outlay	\$ 104,637	
Depreciation expense	<u>(40,759)</u>	63,878

The net effect of various miscellaneous transactions
involving capital assets, such as sales, trade-ins,
and donations, is to decrease net assets. (47,819)

Change in net assets of governmental activities \$ 93,132

See Notes to Financial Statements.

BAYOU DES CANNES - NEZPIQUE
GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of Bayou des Cannes - Nezpique Gravity Drainage District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies of the District are described below.

Reporting entity:

As provided by Louisiana Revised Statute 38:1607, the District is governed by five commissioners. These five commissioners are referred to as the Board of Commissioners and are appointed by the Acadia Parish Police Jury (the "Police Jury"). The District was created under the authority of Louisiana Revised Statutes 38:1601-1707 and was established for the purpose of draining and reclaiming the undrained or partially drained marsh, swamp, and overflowed lands in the District that must be levied and pumped in order to be drained and reclaimed.

In conformance with GASB Codification Section 2100, the District is a component unit of the Police Jury, the governing body of the Parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Police Jury, the general governmental services provided by that governmental unit, and other governmental units that comprise the governmental reporting entity.

Basis of presentation:

The District's basic financial statements consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide financial statements -

The government-wide financial statements include the statement of net assets and the statement of activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

NOTES TO FINANCIAL STATEMENTS

In the government-wide statement of net assets, the governmental activities are reported on a full accrual, economic basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in two parts - invested in capital assets and unrestricted.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grant while the capital grants include capital-specific grants.

The District reports all direct expenses by function in the government-wide statements of activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is included as a direct expense. The net cost (by function) is normally covered by general revenue (property taxes, intergovernmental revenues, investment earnings, etc.).

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Fund financial statements -

The fund financial statements provide information about the District's funds. The emphasis of the fund financial statements is on major governmental funds. The District has only one fund, its General Fund. The General Fund is the District's general operating fund and it is used to account for all of the financial resources of the District.

Basis of accounting:

Government-wide financial statements -

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows takes place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which they are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

NOTES TO FINANCIAL STATEMENTS

Fund financial statements -

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are recognized in the year they are billed. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. All other receivables collected within 60 days after year-end are considered available and recognized as revenue of the current year.

Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds.

Cash:

Cash includes amounts in demand deposits.

Investments:

State statutes authorize the District to invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The District's investments at December 31, 2010 consisted of time certificates of deposit purchased from local financial institutions. These certificates are not subject to GASB Statement No. 31 requirements; thus, they are stated at cost.

Custodial credit risk:

Deposits (demand, savings, and certificates of deposit) -

The District is exposed to custodial credit risk as it relates to its deposits with financial institutions. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the District's name. Accordingly, the District had no custodial credit risk related to its deposits at December 31, 2010.

NOTES TO FINANCIAL STATEMENTS

Fixed assets:

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide statements -

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at cost or estimated historical cost. Donated fixed assets are recorded at their fair value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is calculated on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	5 - 39
Equipment	5 - 10

Fund financial statements -

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated absences:

District employees earn paid vacation and sick leave. Vacation leave cannot be carried over from one year to another. Sick leave can be carried over up to a maximum of 10 days. Employees are not paid unused vacation and sick leave upon separation.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Equity classifications:

Government-wide statements -

Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets - Consists of capital assets net of accumulated depreciation.
- b. Unrestricted net assets - All other net assets that do not meet the definition of "invested in capital assets."

The District had no restricted net assets at December 31, 2010.

Fund financial statements -

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Note 2. Ad Valorem Taxes

Government-wide financial statements -

Ad valorem taxes are recognized in the year for which they are levied net of uncollectible amounts, as applicable.

Fund financial statements -

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. Taxes are budgeted and the revenue recognized in the year they are levied. The taxes are based on assessed values determined by the Tax Assessor of Acadia Parish and are collected by the Sheriff. The taxes are remitted to the District net of deductions for Pension Fund contributions.

The District authorized and levied general corporate taxes of 6.96 mills on property with assessed valuations totaling \$80,640,972, exclusive of homestead exemptions, for the year ended December 31, 2010.

Total taxes levied, exclusive of homestead exemptions, was \$561,262 for year ended December 31, 2010. Ad valorem taxes receivable consist of taxes collected by the Acadia Parish Sheriff's Office that have not been remitted to the District and amounts due from taxpayers. Ad valorem taxes receivable at December 31, 2010 totaled \$561,262, all of which is deemed collectible.

NOTES TO FINANCIAL STATEMENTS

Note 3. Compensation Paid to the Board of Commissioners

Compensation paid to Commissioners for the year ended December 31, 2010 is as follows:

Chris Caillouet	\$ 3,600
Billy Crochet	30,550
Phillip Doucet	2,100
Edward Gary	1,800
Terry Hebert	2,100
	<u>\$ 40,150</u>

Note 4. Capital Assets

Capital assets activity for the year ended December 31, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated -				
Land	\$ 14,095	\$ -0-	\$ -0-	\$ 14,095
Capital assets being depreciated -				
Building and improvements	\$ 166,405	\$ 3,944	\$ -	\$ 170,349
Equipment	282,585	100,693	(76,960)	306,318
Total capital assets being depreciated	\$ 448,990	\$ 104,637	\$ (76,960)	\$ 476,667
Less accumulated depreciation for -				
Building and improvements	\$ (4,217)	\$ (5,144)	\$ -	\$ (9,361)
Equipment	(99,860)	(35,615)	29,141	(106,334)
Total accumulated depreciation	\$ (104,077)	\$ (40,759)	\$ 29,141	\$ (115,695)
Total capital assets being depreciated, net	\$ 344,913	\$ 63,878	\$ (47,819)	\$ 360,972
Total capital assets, net	\$ 359,008	\$ 63,878	\$ (47,819)	\$ 375,067

Depreciation expense was charged to functions as follows:

Public works	<u>\$ 40,759</u>
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NOTES TO FINANCIAL STATEMENTS

Note 5. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to cover any claims related to these risks.

Note 6. Related Party

The District's current administrative assistant is the daughter of one of the residing Commissioners. The administrative assistant was employed prior to the appointment of the Commissioner. The administrative assistant's salary was \$12,000 for the year ended December 31, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

BAYOU DES CANNES - NEZPIQUE
GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes -				
Ad valorem taxes	\$ 460,000	\$ 460,000	\$ 549,156	\$ 89,156
Intergovernmental -				
State revenue sharing	15,000	13,000	12,892	(108)
Investment income	15,000	10,000	9,381	(619)
Total revenues	<u>\$ 490,000</u>	<u>\$ 483,000</u>	<u>\$ 571,429</u>	<u>\$ 88,429</u>
Expenditures:				
Current -				
Public works - drainage:				
Salaries and wages	\$ 108,000	\$ 145,000	\$ 144,570	\$ 430
Compensation paid to the board of commissioners	32,000	40,700	40,150	550
Payroll taxes	48,000	35,000	13,506	21,494
Insurance	23,000	40,000	40,593	(593)
Drainage maintenance	115,000	45,000	76,592	(31,592)
Professional fees	6,000	10,000	10,881	(881)
Equipment rental	-	20,000	19,620	380
Pension deduction	15,000	15,000	16,674	(1,674)
Other miscellaneous operating	100,000	94,000	52,183	41,817
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>104,637</u>	<u>(4,637)</u>
Total expenditures	<u>\$ 547,000</u>	<u>\$ 544,700</u>	<u>\$ 519,406</u>	<u>\$ 25,294</u>
Excess of revenues over expenditures	\$ (57,000)	\$ (61,700)	\$ 52,023	\$ 113,723
Other financing sources:				
Proceeds from sale of capital assets	-	-	25,050	25,050
Net change in fund balance	\$ (57,000)	\$ (61,700)	\$ 77,073	\$ 138,773
Fund balance, beginning	<u>57,000</u>	<u>61,700</u>	<u>957,829</u>	<u>896,129</u>
Fund balance, ending	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$1,034,902</u>	<u>\$ 1,034,902</u>

See Note to Budgetary Comparison Schedule.

BAYOU DES CANNES - NEZPIQUE
GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

NOTE TO BUDGETARY COMPARISON SCHEDULE

Note 1. Budgets and Budgetary Accounting

The District uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. The Secretary-Treasurer submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following January 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is then approved and adopted by the Board of Commissioners.
4. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. The budget is employed as a management control device during the year that assists its users in financial activity analysis.

All budget appropriations lapse at year-end. The budgets presented are the originally adopted budget and the final budget.

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Lonnie J. Hebert, CPA*

Retired:

Sidney L. Broussard, CPA 1925-2005
Leon E. Poché, CPA 1984
James H. Breau, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA 1992
Geraldine J. Wimberley, CPA 1995
Lawrence A. Cramer, CPA 1999
Ralph Friend, CPA 2002
Donald W. Kelley, CPA 2005
George J. Trappey, III, CPA 2007
Terrel P. Dressel, CPA 2007
Herbert Lemoine II, CPA 2008

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To The Board of Commissioners
Bayou des Cannes - Nezpique Gravity
Drainage District
Iota, Louisiana

We have audited the basic financial statements of Bayou des Cannes - Nezpique Gravity Drainage District as of and for the year ended December 31, 2010 and have issued our report thereon dated April 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

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Society of Louisiana Certified
Public Accountants*

* A Professional Accounting Corporation

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of management, the Board of Commissioners, others within the entity, federal awarding agencies and pass-through entities and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Dyousard, Poché, Lewis & Orsany L.L.P.

Lafayette, Louisiana
April 21, 2011

BAYOU DES CANNES - NEZPIQUE
GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2010

We have audited the basic financial statements of Bayou des Cannes - Nezpique Gravity Drainage District as of and for the year ended December 31, 2010, and have issued our report thereon dated April 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2010 resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material weaknesses X Yes No

Control deficiencies identified
that are not considered to be
material weaknesses Yes X None reported

Compliance

Compliance material to financial
statements Yes X No

Section II - Financial Statement Findings

Finding #2010-1 Segregation of Duties

Finding: The District does not have an adequate segregation of duties. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the District may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the District should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Response: We have segregated duties as much as possible. We will continue to monitor the situation.

BAYOU DES CANNES - NEZPIQUE
GRAVITY DRAINAGE DISTRICT
ACADIA PARISH POLICE JURY

SCHEDULE OF PRIOR FINDINGS
Year Ended December 31, 2010

Section I. Internal Control and Compliance Material to the Financial Statements

Finding #2009-1 Segregation of Duties

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the District should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Current Status: The same finding is included in the current year's schedule of findings and responses as #2010-1. The District has provided as much segregation as possible with the resources available.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

The prior year's report did not include a management letter.